

**UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF NEW YORK**

CONSUMER FINANCIAL PROTECTION  
BUREAU, et al.,

Plaintiffs,

v.

STRATFS, LLC (f/k/a STRATEGIC FINANCIAL  
SOLUTIONS, LLC), et al.

Defendants, and

DANIEL BLUMKIN, et al.,

Relief Defendants.

**CASE NO. 1:24cv00040 JLS-MJR**

**MEMORANDUM OF LAW IN  
SUPPORT OF PLAINTIFFS'  
MOTION TO EXTEND THE  
TEMPORARY RESTRAINING  
ORDER**

Plaintiffs Consumer Financial Protection Bureau, the People of the State of New York, by Letitia James, Attorney General of the State of New York, the State of Colorado *ex rel.* Philip J. Weiser, Attorney General, the State of Delaware *ex rel.* Kathleen Jennings, Attorney General, the People of the State of Illinois through Attorney General Kwame Raoul, the State of Minnesota by its Attorney General Keith Ellison, the State of North Carolina *ex rel.* Joshua H. Stein, Attorney General, and the State of Wisconsin (collectively, Plaintiffs), respectfully request that this Court grant their Motion to Extend the Temporary Restraining Order (TRO) in this case until February 8, 2024.

On January 10, 2024, Plaintiffs filed a Complaint alleging Defendants have been and are violating the Telemarketing and Consumer Fraud and Abuse Prevention Act (Telemarketing Act), 15 U.S.C. §§ 6102(c), 6105(d); the Telemarketing Sales Rule (TSR), 16 C.F.R. pt. 310;

New York Executive Law § 63(12); New York General Business Law (GBL) Article 22-A; Wis. Stat. § 218.02; and Wis. Admin. Code § DFI-Bkg ch. 73. Dkt. 1. Specifically, Plaintiffs allege Defendants are operating an unlawful scheme in which they request and receive advance fees and charge fees untethered from results of their debt-relief service. *Id.* On January 10, Plaintiffs also filed a Motion for a TRO. Dkt. 5.

On January 11, 2024, the Honorable Lawrence J. Vilaro issued the TRO requested by Plaintiffs. Dkt. # 12. In the Order, Judge Vilaro concluded there was good cause to believe that Defendants have engaged and continue to engage in acts that violate the Telemarketing Act and the TSR, and that there was good cause to believe that Plaintiffs are “likely to prevail on the merits of this action based on the declarations, bank records, and other evidence submitted” by the Plaintiffs. *Id.* at 2. Judge Vilaro further found good cause to believe that consumers would “suffer immediate and continuing harm from Defendants’ ongoing violations” if Defendants were not restrained and enjoined by order of the court. *Id.* He thus determined it was in the public interest to: (1) appoint a temporary receiver who would have immediate access; (2) order Defendants and Relief Defendants to preserve documents; (3) freeze certain assets; and (4) permit Plaintiffs to take limited expedited discovery. *Id.* 2-3. The TRO issued by Judge Vilaro expires on January 25, 2024. *Id.* at 46.

On January 18, 2024, this Court held a status conference at which the Court scheduled an evidentiary hearing on February 1 and 2, 2024. Dkt. 50. The Court further advised that Plaintiffs should file a Motion to Extend the TRO until February 8, 2024 – fourteen days after the initial expiration date for the TRO.

A district court is permitted to extend a TRO for a “like period” if good cause is shown. Fed. R. Civ. P. 65(b)(2). The reasons for the extension must be entered in the record. *Id.* To

demonstrate good cause, a party can show that the original grounds for granting the TRO continue to exist or “where more time is needed fully to consider the parties’ arguments and motions or where the moving party need[s] additional time to prepare and present its [case for a] preliminary injunction.” *Costa v. Bazron*, No. 19-cv-3185, 2020 WL 2410502, at \*2 (D.D.C. May 11, 2020) (internal quotations and citation omitted); *see also Snyder Corp. v. Fitness Ridge Worldwide, LLC*, No. 18-cv-351-FPG, 2018 WL 1428254, at \*4 (W.D.N.Y. Mar. 2, 2018) (extending a TRO for fourteen days because it would prevent irreparable harm to plaintiffs while giving defendants time to assert arguments against preliminary injunctive relief).

Here, if the TRO is not extended beyond its current expiration date, it will expire before the evidentiary hearing occurs, before the Court has a chance to issue a Report and Recommendation (R&R), and before the district court has the opportunity to review the R&R and rule on Plaintiffs’ request for a preliminary injunction. The public interest will be harmed if the TRO expires before there is a ruling on Plaintiffs’ request for a preliminary injunction for the same reasons that Judge Vilardo granted the TRO in the first instance, Dkt. 12 at 2-4, namely because Defendants may continue to request and receive advance fees and charge fees untethered from results related to settlements of consumer debt, and there is a risk they would destroy important documents and records and dissipate assets. Thus, weighing the equities and considering Plaintiffs’ likelihood of success on the merits as determined by Judge Vilardo, and as laid out in Plaintiffs’ prior briefing, the Court should extend the TRO until February 8, 2024, as permitted by Fed. R. Civ. P. 65(b)(2).

Dated: January 22, 2024

Respectfully submitted,  
Attorneys for Plaintiff  
Consumer Financial Protection Bureau

ERIC HALPERIN  
Enforcement Director

RICHA SHYAM DASGUPTA  
Deputy Enforcement Director

TIMOTHY M. BELSAN  
Assistant Litigation Deputy

/s/ Vanessa Buchko  
Vanessa Buchko  
E-mail: [vanessa.buchko@cfpb.gov](mailto:vanessa.buchko@cfpb.gov)  
Phone: 202-435-9593  
Monika Moore  
E-mail: [monika.moore@cfpb.gov](mailto:monika.moore@cfpb.gov)  
Phone: 202-360-5905  
Joseph Sanders  
E-mail: [joseph.sanders@cfpb.gov](mailto:joseph.sanders@cfpb.gov)  
Phone: 202-377-9846  
1700 G Street, NW  
Washington, DC 20552  
Facsimile: (202) 435-7722

And

LETITIA JAMES  
Attorney General of the State of New York

/s/ Christopher L. Boyd  
Christopher L. Boyd  
Assistant Attorney General  
350 Main Street, Suite 300A  
Buffalo, NY 14202  
Phone: (716) 853-8457  
Email: [Christopher.Boyd@ag.ny.gov](mailto:Christopher.Boyd@ag.ny.gov)

*Attorney for State of New York*

PHILIP J. WEISER  
Attorney General  
State of Colorado

/s/ Kevin J. Burns

Kevin J. Burns, CO Reg. No. 44527  
*Pro hac vice application pending*  
Senior Assistant Attorney General  
Colorado Department of Law  
Ralph L. Carr Judicial Center  
Consumer Protection Section  
1300 Broadway, 6th Floor  
Denver, CO 80203  
Phone: (720) 508-6110  
Kevin.Burns@coag.gov

*Attorneys for Plaintiff State of Colorado, ex  
rel. Philip J. Weiser, Attorney General*

KATHLEEN JENNINGS  
Attorney General State of Delaware

/s/ Marion M. Quirk

Marion M. Quirk (*pro hac vice, pending*)  
Director of Consumer Protection  
Kevin D. Levitsky (*pro hac vice  
forthcoming, if required*)  
Deputy Attorney General  
Delaware Department of Justice  
820 N. French Street, 5th Floor  
Wilmington, DE 19801  
Phone: (302) 683-8810  
Marion.Quirk@delaware.gov  
Kevin.Levitsky@delaware.gov  
*Attorneys for State of Delaware*

KWAME RAOUL  
Attorney General  
State of Illinois

By: /s/ Greg Grzeskiewicz

Greg Grzeskiewicz, Chief, Consumer Fraud  
Bureau  
*Pro hac vice application forthcoming, if  
required*  
Daniel Edelstein, Supervising Attorney,  
Consumer Fraud Bureau  
*Pro hac vice application forthcoming, if  
required*

Amanda E. Bacoyanis, Assistant Attorney  
General, Consumer Fraud Bureau  
*Pro hac vice application forthcoming*  
Matthew Davies, Assistant Attorney  
General,  
Consumer Fraud Bureau  
*Pro hac vice application forthcoming, if  
required*  
Office of the Illinois Attorney General  
100 W. Randolph Street, 12<sup>th</sup> Floor  
Chicago, Illinois 60601  
312-814-2218  
Greg.Grzeskiewicz@ilag.gov  
Daniel.Edelstein@ilag.gov  
Amanda.Bacoyanis@ilag.gov  
Matthew.Davies@ilag.gov

*Attorneys for the People of the State of  
Illinois*

KEITH ELLISON  
Attorney General of Minnesota

/s/ Evan Romanoff  
Evan Romanoff  
Assistant Attorney General  
*Pro hac vice application pending*  
445 Minnesota Street, Suite 1200  
St. Paul, Minnesota 55101-2130  
Telephone: (651) 728-4126  
evan.romanoff@ag.state.mn.us

*Attorney for the State of Minnesota  
By Its Attorney General, Keith Ellison*

JOSHUA H. STEIN  
Attorney General of North Carolina

/s/ M. Lynne Weaver  
M. Lynne Weaver (*pro hac vice* pending)  
Special Deputy Attorney General  
N.C. State Bar No. 19397  
114 W. Edenton Street  
Raleigh, NC 27602  
Telephone: (919) 716-6039  
lweaver@ncdoj.gov

*Attorney for the State of North Carolina*

JOSHUA L. KAUL  
Attorney General of Wisconsin

/s/ Lewis W. Beilin  
Assistant Attorney General (*pro hac vice*  
pending)  
Wisconsin Department of Justice  
17 West Main Street  
Post Office Box 7857  
Madison, WI 53707-7857  
(608) 266-1221  
beilinlw@doj.state.wi.us

*Attorney for State of Wisconsin*